

1-1 By: Noble (Senate Sponsor - Perry) H.B. No. 142
1-2 (In the Senate - Received from the House April 16, 2025;
1-3 April 23, 2025, read first time and referred to Committee on Health
1-4 & Human Services; May 5, 2025, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 5, 2025, sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Kolkhorst	X			
1-10	Perry	X			
1-11	Blanco	X			
1-12	Cook	X			
1-13	Hall	X			
1-14	Hancock	X			
1-15	Hughes	X			
1-16	Miles	X			
1-17	Sparks	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 142 By: Perry

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the Health and Human Services Commission's office of
1-22 inspector general, the review of certain Medicaid claims, and the
1-23 recovery of certain overpayments under Medicaid.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 544.0106, Government Code, is amended to
1-26 read as follows:

1-27 Sec. 544.0106. PROCUREMENT OF [CONTRACT FOR REVIEW OF
1-28 INVESTIGATIVE FINDINGS BY] QUALIFIED EXPERT ON BEHALF OF OFFICE OF
1-29 INSPECTOR GENERAL. A qualified expert retained by the commission
1-30 on behalf of the office of inspector general is considered an expert
1-31 witness for purposes of Section 2151.005 [(a) If the commission
1-32 does not receive any responsive bids under Chapter 2155 on a
1-33 competitive solicitation for the services of a qualified expert to
1-34 review investigative findings under Section 544.0104 or 544.0105
1-35 and the number of contracts to be awarded under this subsection is
1-36 not otherwise limited, the commission may negotiate with and award
1-37 a contract for the services to a qualified expert on the basis of:

1-38 [(1) the contractor's agreement to a set fee, either as
1-39 a range or lump-sum amount, and

1-40 [(2) the contractor's affirmation and the office of
1-41 inspector general's verification that the contractor possesses the
1-42 necessary occupational licenses and experience].

1-43 [(b) Notwithstanding Sections 2155.083 and 2261.051, a
1-44 contract awarded under Subsection (a) is not subject to competitive
1-45 advertising and proposal evaluation requirements.]

1-46 SECTION 2. Subchapter C, Chapter 544, Government Code, is
1-47 amended by adding Section 544.0115 to read as follows:

1-48 Sec. 544.0115. PERMITTED DISCLOSURE OF CERTAIN
1-49 INFORMATION. For purposes of performing the duties of the office of
1-50 inspector general under this subchapter, the office may disclose
1-51 information obtained in the course of conducting the office's
1-52 administrative oversight activities to:

1-53 (1) a federal, state, or local governmental entity,
1-54 including:

1-55 (A) a federal agency or an agency of this state or
1-56 another state;

1-57 (B) the criminal, civil, or administrative
1-58 department, division, bureau, or other entity with enforcement or
1-59 prosecutorial authority of:

1-60 (i) this state;

(ii) the United States;
 (iii) another state; or
 (iv) a local governmental entity of this state or another state; and

(C) a political subdivision of this state; or
 (2) a person authorized by the office to receive the information.

SECTION 3. Section 544.0153(b), Government Code, is amended to read as follows:

(b) Except as required by federal law, to ~~to~~ determine a health care professional's eligibility to participate as a Medicaid provider, the office of inspector general may not conduct a fingerprint-based criminal history record information check of a health care professional who the office has confirmed under Subsection (a) is licensed and in good standing. This subsection does not prohibit the office from conducting a criminal history record information check of a provider that is required or appropriate for other reasons, including for conducting an investigation of fraud, waste, or abuse.

SECTION 4. Section 544.0202(b), Government Code, is amended to read as follows:

(b) The commission shall:

(1) aggressively publicize successful fraud prosecutions and fraud-prevention programs through all available means, including the use of statewide press releases; and

(2) ensure that the commission or a health and human services agency maintains and promotes an appropriate communications system ~~[a toll-free telephone hotline]~~ for reporting suspected fraud in programs the commission or a health and human services agency administers.

SECTION 5. Section 544.0504, Government Code, is amended to read as follows:

Sec. 544.0504. RECOVERY AUDIT CONTRACTORS. (a) To the extent required under Section 1902(a)(42), Social Security Act (42 U.S.C. Section 1396a(a)(42)), the commission shall establish a program under which the commission contracts with one or more recovery audit contractors to:

(1) identify Medicaid underpayments and overpayments, including underpayments and overpayments under the Medicaid managed care program; and

(2) recover the overpayments.

(b) An overpayment under Subsection (a)(2) may be recovered from either the provider or the managed care organization.

(c) A recovery audit contractor may not:

(1) initiate a review of a claim unless:

(A) the office of inspector general or the office's designee:

(i) determines that the review would be cost-effective; and

(ii) approves the review; and

(B) at least one year has elapsed since the date the claim was received; or

(2) initiate a recovery effort on a claim if a managed care organization has notified the office of inspector general that the organization is auditing the claim.

(d) On request by a recovery audit contractor or the office of inspector general, a managed care organization or provider who is the subject of a review conducted under this section shall submit to the contractor or office all information necessary to perform the review not later than the date specified in the request. All information and materials obtained under this section are confidential under Section 544.0259(e).

(e) The executive commissioner by rule shall adopt a process for appeals related to overpayments identified by a recovery audit contractor under this section.

(f) The commission may contract with a third party to administer Subsection (b) or the appeals process adopted under Subsection (e).

(g) The executive commissioner, in consultation with the

office of inspector general, may adopt rules necessary to implement this section.

SECTION 6. The following provisions of the Government Code are repealed:

- (1) Section 544.0201; and
- (2) Section 544.0252(a).

SECTION 7. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

SECTION 8. The Health and Human Services Commission is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement a provision of this Act using other money available to the commission for that purpose.

SECTION 9. This Act takes effect September 1, 2025.

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